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SECURITY INFORMATION

500-CBGFG

9 November 1951

SUBJECT: Boudreau's forced leave from DTLINEN

TO : Chief of Mission
Frankfurt, Germany

1. Submitted herewith is a memorandum by [] outlining his part in the banishment of Boudreau.] out-

2. DTRULER realizes this is in the nature of a fait accompli. In view of the manifold ramifications of such a decision, I suggest that this memorandum be forwarded to the Home Office together with your comments.

3. Boudreau may very well get the ear of some other intelligence agency and give them a different interpretation. For this reason, I suggest that the Home Office be cautioned to evaluate in this light any information concerning DTLINEN coming to them from other agencies. My own feeling is that both the Ford Foundation and the National Committee for Free Europe should be briefed on this development by us rather than hearing a distorted version from someone else.

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MEMORANDUM TO: []

5 November 1951

SUBJECT: Boudreau's forced leave from DTLINEN

1. On November 2, I was requested to be present at a meeting at Newham's house which was attended by Boudreau, Newham, Martini and myself. During this meeting, which last 7½ hours, the case of Boudreau, which had reached its final climax, was discussed in all details and at great length.

2. The climax was reached during a meeting of the members of the board of the German-Russian Friendship Bund which had convened at Newham's request and was attended by him and Martini. The purpose of this was to inform the members of the German-Russian Friendship Bund that DTLINEN was withdrawing all further financial aid to the society as represented by Boudreau (contrary to my strongly expressed prohibition to expend any DTLINEN funds on behalf of the society). Boudreau, during the six months period from May through October, has drawn 17,158.90 DMW. This includes Boudreau's salary of 1,000 DMW per month. These facts which came out in the course of the meeting of the Friendship Society were not known to its members. It further came out that Boudreau had received a 500 Mark monthly subsidy from an agent of CIC whom he had sold the idea that he would build the Society into an intelligence gathering organization. This, of course, was contrary to the basic principles of the Society as laid down in their by-laws. Boudreau was immediately suspended in his capacity as Chairman of the Society pending further action.

3. These facts do not affect our own operations within DTLINEN with the exception of the funds which Boudreau diverted for unauthorized purposes. What does affect our operations is the fact that Newham, Martini and later the three key men of DTLINEN tendered their resignation from DTLINEN and refused any further association with Boudreau. The acceptance of these resignations, however, was immediately refused by me. During the course of the meeting the three men presented to me evidence against Boudreau which I can only call staggering. They included:

- a. The squashing of police action against Boudreau for several cases of seduction of minors.
- b. Boudreau's continued association with two personalities, one male one female, who had been proven as HEREBEL agents.
- c. Evidence that Boudreau's world-wide advertised activities as a resistance fighter and concentration camp victim were a complete myth.

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4. This is only a very small part of the accusations against Boudreau, none of which Boudreau was able to refute. It became evident that either DTLINEN would cease to exist or that Boudreau would have to withdraw. After hours of very ugly wrangling Boudreau, confronted with all this evidence and facts, was finally forced to accept the following solution: For a period of six months Boudreau will continue to receive his salary from DTLINEN to carry on anti-communist activities in western Germany or abroad. These activities are to consist of the writing of articles in newspapers, publications and meetings, and possibly the writing of a book. Boudreau is to leave WSCORNY on November 10, and not return for a minimum period of six months. In case of violation of this agreement his salary will be stopped. Boudreau agreed to step out of the picture in WSCORNY for reasons of health in order to minimize any adverse publicity that this step might have on DTLINEN.

5. Boudreau and the others present agreed and were sworn to absolute secrecy about everything that was discussed in this meeting.

6. In all fairness to Boudreau, I would like to point out that never before have I had an opportunity by personal observation to convince myself of the fact that Boudreau is not only a psychopath, but also a very sick person. For this reason and for this reason alone, it is my recommendation that ZACACTUS refrain from any further action on this matter. Boudreau's removal from WSCORNY will leave the possibility open that he might physically recover. For almost one year he has not been active on behalf of DTLINEN with the exception of a few speeches. The continuation of his salary was granted him on the basis of the fact that this man would be absolutely unable to earn a living in his present condition. It should also be taken into consideration that Boudreau originally set up DTLINEN and was, up to the present time, the nominal head of this organization. The undersigned has agreed to look at Boudreau again after this initial six months period and evaluate his personality and possible recovery after that period. Under these circumstances, and under the terms of these agreements, Newham will assume sole responsibility for the organization of DTLINEN with Martini as his deputy.

[]

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May 10, 1951

Dear Mike:

First, let me thank you for the perfectly splendid cooperation and interest you showed in our work. With so few hours available you really produced the important people, and Griffith and I are most grateful.

I know that Griffith had a brief talk with you at Shep Stone's about some special angles in connection with the Hildebrandt affair. Since then there have been some new developments which I think you should know about in order to be forewarned in case something pops.

Little did Mr. Ford suspect when he decided that he was going to go humanitarian in Berlin that he was stepping into a hornet's nest.

One of the people I saw in Bonn was Minister Kaiser of the Federal Ministry for All-German Affairs. From the remarks that Hildebrandt and Tillich dropped during our interview, I gathered that all was not well between them and Kaiser (and that all was even worse between them and the SPD). Since they displayed almost unholy glee at having some solid money which somehow or other was going to embarrass Kaiser, I felt that it would be highly advisable for me to tell Kaiser in all innocence and sincerity that the Ford Foundation had made a grant through us to the Kampfgruppe to carry on their humanitarian work in Berlin, rather than have him discover it via his grapevine in some distorted or biased form later on. This was all the more important from our standpoint since, with the turnover from HICOG to Bonn, a great deal of our work and conceivably our very existence as a private American organization may depend upon the cooperation of Kaiser.

As soon as the statement was made I discovered that the Kampfgruppe vs. Kaiser situation was infinitely more serious than anything we had suspected.

The underlying problem, which, of course, did not come out into the open, is, of course, Kaiser's empire-building and his profound irritation at having a private organization operating outside his control.

The thing that did come out literally in words of one syllable was that the Kampfgruppe, a private organization, was being supported by American funds which to all intents and purposes were secret funds since Tillich and Hildebrandt had flatly refused to show their books to the German Government. Furthermore, these funds were being used to make political trouble for the German Government, that they were endangering lives in the East Zone, and that their "irresponsible" activities were furnishing ammunition to the opposition party (SPD) which had reached the point of questions in the Bundestag. We assume that what he really meant was that in addition to his own strong feelings on the subject he was being put under severe pressure by Wehner, Chairman of the Bundestag Committee for his Ministry and a very influential leader who, we have heard, is the real power behind Kaiser's whole operation.

Another interesting development in the conversation was that Kaiser had as his interpreter his personal assistant, young von Hammerstein. Since Griffity's German was better than von Hammerstein's English he did practically no interpreting but was visibly building up a head of steam during the conversation, which he suddenly blew to approximately this effect: "The Minister is being polite. The actual case is that this is a very bad situation and because we have been unable to control these people who have been receiving secret American funds we have cut off the money they had been receiving from us for humanitarian purposes." Obviously, the Ford grant, therefore, had completely undermined whatever leverage Kaiser thought he had with Hilly and Tilly.

Later on in the discussion when Kaiser was elaborating what he thought should be done in order to make the situation O.K. from his standpoint, it developed that they did not think that this organization should be in the hands of just two people—Hilly & Tilly—both of whom they considered emotionally unstable. If a board were to be set up consisting of representatives of the various respectable political parties to which Hilly and Tilly would be responsible, they felt that the situation would be greatly improved; and if, besides such a board, the financial reports of Hilly and Tilly were to be made available to them (Kaiser & co.) that would apparently completely satisfy them. Kaiser added that Hildebrandt and Tillich had turned this proposal down when it was presented to them at a session they had with Adenauer.

To these proposals I was quite noncommittal, but did try to make three points: First, that now that Hildebrandt and Tillich were to receive regular monthly funds for humanitarian purposes, rather than living from hand to mouth by passing the hat, they would probably become more orderly in their own methods, particularly as they would be reporting to us regularly on the use of these funds. Second, that I would look into the matter of some kind of board. Third, as an American, while admitting the special political complications of the German situation, I could not help feeling that a private German outfit, supported by a private American outfit engaging in humanitarian work, had a better aura than a quasi-government outfit doing similar work.

During all of this I tried to repeat as many times as possible the fact that we were simply the disbursing agent for the Ford Foundation and that this whole business had come about not as a result of any suggestion on our part but, which is the fact, at the request of the Ford Foundation and the result of Hildebrandt's trip to the United States in January and February of this year.

Since it is apparent that Kaiser knows about other money that Hildebrandt and Tillich are receiving, and since it may be assumed that he knows or will discover its ostensible source, you can readily see that a potential problem exists as far as we are concerned.

The last thing in my mind is either to suggest the obvious to you or interfere in any way, but I do most earnestly bespeak your consideration of our particular position, especially since I am practically certain that Hilly and Tilly see this as a glorious opportunity to play games with people who have balked them in the past. It is probably inevitable that some of their activity will not be pleasing to Kaiser; on the other hand, I don't think that they should go in for unnecessary provocation.

There are two other characters in on this act, namely, Charlie Thayer and Mickey Boerner, both of whom already knew in very general terms what was afoot and both of whom I felt should know it much more specifically since they would both be on the receiving end of the initial squawks from the Bonn government because of their respective positions. I need hardly add that they both expect major squawks.

I am terribly sorry that my "goodbys and thank you" has got to contain this hot potato, but I felt I ought to tell you the whole story as soon as possible.

All the very best, and thanks again.

Sincerely yours,